

FY 1998/99 Marketing Plan

The following plan is still in development by the Marketing Advisory Committee. Following completion of their work, it will be submitted to state destination marketing organizations for comment and then be presented to the California Travel and Tourism Commission for final approval.

Mission

To promote California as a travel destination for the expressed purpose of increasing travel spending within the state, generating additional tax revenues from increased travel spending and sustaining and expanding travel and tourism-related employment within California.

Purpose of this Marketing Plan

The California Division of Tourism (CalTour) marketing plan:

- motivates residents of other U.S. states to travel to and within California,
- stimulates travel to and within California by residents of other countries and
- encourages Californians to travel within California.

In support of these, the plan is divided into five program areas:

- research
- collateral and fulfillment
- national marketing
- international marketing
- media relations.

Various marketing tactics are used within each of these program areas to accomplish the plan's major objectives, such as: market research, economic research, program evaluation research, advertising, publicity, promotions, direct marketing, sales missions, trade shows, press trips and trade familiarization tours, collateral, fulfillment and special events. These tactics apply to several of CalTour's programs.

The California Tourism Policy Act (1984) specifies that the California Tourism Commission (CTC) or its succeeding California Travel and Tourism Commission (CTTC), in cooperation with CalTour and the Trade and Commerce Agency, adopt and annually update this plan. This was reasserted in the California Tourism Marketing Act (1995/96).

CalTour's Marketing Plan, to the extent practical and feasible, is intended to:

- Serve as a guide for effectuating the California Tourism Policy Act/California Tourism Marketing Act with available resources,

- Include an assessment of the activities and accomplishments of CalTour (in annual report),
- Outline the intended program of tourism promotion and visitor service activities for the oncoming year,
- Delineate the ways, means and programs by which tourism shall be promoted, including any cost-effective marketing methods and techniques to be employed,
- Identify resources as are reasonably necessary from all sources both public and private, to accomplish these promotion and marketing activities,
- Identify and articulate cooperative or shared cost programs, or opportunities for these ventures, with private entities,
- Identify licensing opportunities, including licensing agents (p. 47), and
- Contain other information, data or recommendations that may be germane to the marketing efforts of California pursuant to the intent of the California Tourism Policy Act and the California Tourism Marketing Act.

In effectuating these points, various industry advisory committees consisting of qualified professionals and experts in various segments of the tourism industry aid in the preparation of this plan. They include:

- Marketing (advertising, overall marketing program, promotions)
- California Countryside (rural)
- International
- California Connection (NTA)
- Publicity
- Fun Spots (attractions)
- Cultural Tourism
- Research
- Publications
- California Travel Market

CalTour develops program proposals then presents them to the CTTC or to one of several industry advisory committees for review, comment and refinement, prior to final approval by the CTTC. This process provides the CTTC with the input of industry experts prior to seeing a finished product. There has been significant statewide interest by travel industry individuals who would like to serve on various of these committees. Typically, this interest can be accommodated due to turnover. Interested parties are invited to send requests to serve on an industry advisory committee to CalTour. The CTTC, to the maximum extent possible, attempts to

balance membership of advisory committees with representatives from small to large businesses, from all tourism regions, and from diverse industry segments.

CalTour's Role

- Serve as the official travel and tourism marketing representatives of the "destination of California."
- Serve as the marketing umbrella for California under which California destinations and businesses can gain increased attention from consumers, the trade and the media. In accomplishing this, CalTour does not replace the private sector's efforts in marketing individual destinations and businesses within the State, but complements these marketing efforts.
- Manage programs that benefit travel and tourism businesses of all sizes and segments within California.
- Serve as a catalyst in developing strong public/private partnerships to promote tourism to the State, via the execution of marketing programs designed to achieve the mutually beneficial objectives of all participants - public and private.
- Seek appropriate opportunities for cooperative marketing efforts with the private sector in order to gain maximum impact from the program.
- Stimulate California tourism industry involvement in participating in the selling of California and their businesses/destinations at selected domestic and foreign travel trade shows.
- Inform California's travel and tourism industry about opportunities to participate in CalTour's program and of information of value in advancing travel and tourism.
- Inform the media and travel trade of new developments in California travel and tourism for the purpose of stimulating their interest in California as a destination.
- Inform the traveling public (leisure) of the variety of travel opportunities available within California and serve to keep California top-of-mind when they are deciding where to travel.
- n Measure and assess effectiveness and impact of CalTour marketing programs. *The State does not have a "main gate" or "ticket counter" at which to measure sales, so other methods, such as visitor characteristic studies, visitor impact studies, pre/post research focus groups and coupon redemption are used to assess effectiveness.*
- Generate private-sector support to assist the State in communicating California's unique offerings and attractions.
- Educate and motivate the travel trade via sales missions, familiarization tours (fam tours), educational seminars and sales calls promoting California in targeted markets.
- Encourage competing businesses and destinations to work together for the greater purpose of attracting visitors to California. *At times, CalTour's investment on a given program element is minuscule compared to the industry's. On the California Fun Spots promotion, for example, CalTour provides \$180,000 in funding and participating*

California attractions raise many times that amount. These attractions are competitors and it is highly unlikely that they would cooperate with one another, were it not for the fact that they want to take advantage of the leadership, vision, equity and financial contribution of the State. Similarly, the \$15,000 per rural region provided as seed money for regional marketing, has stimulated additional investment by communities and businesses throughout these regions. Without CalTour's involvement, the regions would quickly split into competing marketing groups, resulting in confusing messages to travelers and lowering visitation to the individual regions and California overall.

- Utilize research to segment marketing activities by demography, sociography, geography and travel interests in order to maximize effectiveness. *CalTour utilizes market research to determine where likely visitors live, who they are and what will motivate them to visit. In the past few years, CalTour has been successful in communicating to a select number of consumer travel typologies (family travel, romantic getaways, recreation and sports, nature, and cultural experiences). Research pinpoints visitors with these interest to be the most likely to be motivated to travel to California.*

Objectives

- Stimulate positive, top-of-mind awareness of California as a "premiere" travel and vacation destination among primary target audiences in targeted areas of the United States, Canada, Mexico and overseas.
- Encourage, persuade and motivate "target audiences" to select California as their travel and/or vacation destination.
- Develop domestic and international markets for California with emphasis on markets which bring new tourists and, thus, new revenue into the State. *The State of California serves a critical role in the industry's ability to tap these lucrative and growing markets, in that it often opens relations and lines of business with new markets due to its official diplomatic stature as an element of state government. This often provides benefits not available to private companies. This can give California travel and tourism businesses a competitive advantage over businesses in less-active or effective states or destinations.*

Strategies

- Conduct travel and tourism marketing that individual businesses and destinations within the state cannot do, as effectively, on their own. *Generally, this involves promoting the concept of California as travel destination.*
- Utilize well-known California tourism icons, such as the Golden Gate Bridge, Disneyland, Half Dome, The Hollywood Sign®¹ and others, to stimulate recognition and purchase of California vacations. *Just because a destination is successful or highly recognized does not eliminate it from being promoted within the State's marketing program. In fact, just the opposite may be needed in order to effectively sell travel to California. Likewise, just because a destination is little-known or*

¹ "The Hollywood Sign" is a registered trademark of the Hollywood Chamber of Commerce and is used with permission whenever seen in CalTour communications and marketing.

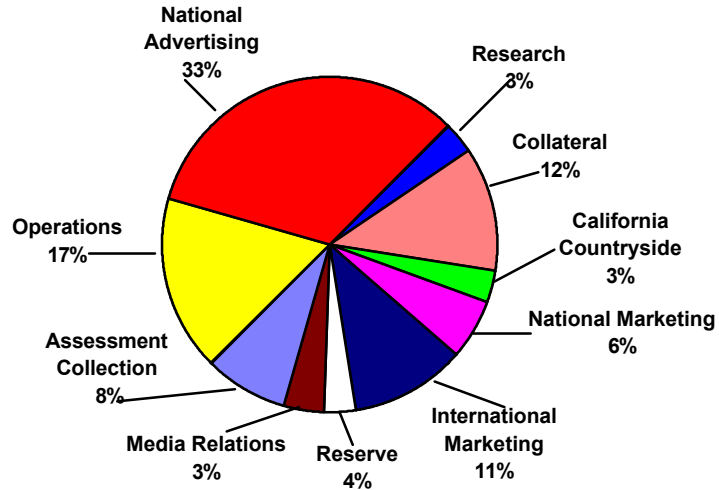
unrecognized does not eliminate it from being promoted within the State's marketing program, either. New destinations are just as useful in stimulating travel to California.

- Where possible, useful and or practical, promote travel to all regions, destinations and attractions within California. *CalTour is open to criticism whenever it singles out a particular destination or business for attention, but to be effective, this is often necessary. It is impossible to identify every place or business when promoting California as a travel destination. The state is just too big. However, CalTour attempts to be fair and balanced in its representation of all regions, destinations and attractions within California, but it is not always possible or productive to identify every city, region or attraction within the state. At times, it may be counterproductive to do so. The objective of this program is to effectively market travel to and within California. To best accomplish this, decisions on what to identify or what works best for the given market is left to the professional judgment of CalTour with direction, review and approval provided by the Commission.*
- When marketing within California, promote travel to California's lesser-known and under-utilized destinations.
- When marketing outside California, promote travel to all California destinations.
- Stimulate travel to lesser-known and under-utilized destinations and work with these destinations in the development of regional and related tourism marketing programs.
- Make best use of resources by applying cooperative partnership and funding techniques, where they serve California's best overall interests in attracting travel to and within California.

Primary Target Audiences

- When marketing within California: Adult travel consumers, 25-plus, with annual household income exceeding \$35,000
- When marketing in North America, outside California: Adult travel consumers, 35-plus, with annual household income exceeding \$50,000
- When marketing outside North America: Adult travel consumers, 35-plus with annual household income exceeding \$75,000
- Tour operators, tour wholesalers, receptive operators, travel agents
- Consumer and trade travel media

FY 1998/99 CALTOUR MARKETING PLAN



Program Budget

Research.....	\$392,100
Collateral and Fulfillment	1,518,000
California Countryside	410,000
National Marketing.....	4,682,000
International Marketing	1,426,200
Media Relations.....	386,000
Reserve.....	460,167
CalTour Operations	1,806,833
CTTC Operations	275,400
<u>Assessment Administration.....</u>	<u>943,300²</u>
TOTAL.....	\$12,300,000³

² Includes current year costs of \$550,500 and previous year reimbursable costs of \$392,800.

³ Represents a State allocation of \$7.3 million and an industry contribution through assessments of \$5 million.

NOTE: Because full descriptions of previous year activities are identified in the Annual Report, the FY 1998/99 Marketing Plan does not detail every activity. It describes only major new additions or departures from the previous plan. For descriptions of undescribed activities, refer to the Annual Report.

Research

This budget proposes growth in the areas of program evaluation and communications.

Research Budget

Budget Economic Impact Analysis	\$52,000
Program Evaluation/Return on Investment	85,000
Domestic Market Research	71,000
International Market Research.....	48,400
Reports and Communications	50,000
Data Collection	32,700
Market Analysis	45,000
Meetings/Reports.....	3,000
Reserve	5,000
TOTAL RESEARCH.....	\$392,100

Collateral and Fulfillment

This budget anticipates increased distribution of publications in response to increased advertising and marketing activities. It also adds distribution of publications overseas.

Collateral and Fulfillment Budget

Fulfillment	\$612,000
Postage.....	680,000
Student Packets.....	35,000
Photography	10,000
Calendar of Events.....	115,000
Teale Data Center (Web Server)	36,000
Internet Assessed Business List	20,000
<u>Web site Maintenance.....</u>	<u>10,000</u>

TOTAL COLLATERAL AND FULFILLMENT\$1,518,000

California Countryside

Timing

Year-round

- Rural Grants

Winter

- Ski California

Strategies

- Provide financial incentives that bring together communities and businesses in rural regions to conduct regional destination marketing for the purpose of stimulating increased visitor spending.
- Assist the California ski industry in attracting midweek business from long-haul markets.

Rural Grants

This budget proposes increasing regional marketing grants from \$15,000 per region to \$25,000 per region... \$20,000 for general marketing and \$5,000 to participate in CalTour-organized international sales missions.

California Snow

This off-season co-op program was recently recognized by the Travel Industry Association of America in 1997 as being the finest international marketing program in the United States. CalTour proposes to strengthen its cooperative support to the California Ski Industries Association in order to expand the program in the US, the UK, Brazil, Argentina, Japan and The Netherlands and Chile.

Countryside Budget

Consumer Shows\$10,000

Rural Grants\$200,000

California Snow200,000

TOTAL COUNTRYSIDE.....\$410,000

National Marketing

Target Audiences

Because advertising is intended to stimulate vacation travel, a high standard is applied to the advertising program's target audiences:

- Adults who took a trip of 100 miles or more away from home during the past 12 months.
- Parents, 35 plus years of age (skewed female) with household incomes in excess of \$50,000 per year.
- New visitors.
- Repeat visitors.

Timing

Winter/Spring

- National Advertising
- California Conference on Tourism

Summer/Fall

- TV Pilot Development

Year-round

- California Fun Spots
- California Counselor
- Cultural Tourism
- "California" IMAX Film
- Marketing Consultants

Situational

- Marketing Alliances

Strategies

- Heighten positive top-of-mind awareness of California's diversity and increase the desire to visit California as a tourism destination, throughout the U.S.
- Generate in excess of \$5 million in co-operative funds from the private sector to join the State in communicating California's unique offerings and attractions.

- Educate and motivate the travel trade with special promotions, familiarization trips, and sales calls promoting California in targeted markets.
- Generate 500,000 telephone and reader service inquiries from prospective vacationers and, as a result, stimulate potential visitors to travel to California via widespread distribution of the consumer fulfillment guide.
- Support the domestic advertising effort with a strong, positive publicity campaign on California and its 12 regions.
- Create broad-based promotions which complement the goals and objectives of the overall domestic marketing campaign and motivate private sector participation.
- Stimulate economic activity in support of arts, heritage and cultural tourism particularly where the community or cultural facility is financially disadvantaged.
- Provide California hotels, motels and inns, of all sizes, with the promotional benefit of electronic brochures on the world wide web and a direct connection between California marketing efforts and measurement of sales, through the use of a lodging reservation service.
- Improve visitor information available to travelers with disabilities.

Advertising

In 1996, the last year in which state tourism advertising was conducted, very positive returns for California were measured. A study by Dr. Patrick Tierney of San Francisco State University established that CalTour's \$2.2 million campaign attracted 785,000 incremental visitors to California, generated \$729 million in new travel spending statewide, stimulated \$27.7 million in new State tax revenues and \$13.3 million in local tax revenues and supported approximately 8,700 new jobs.

This produced a return on investment of 327 to one in increased travel spending and 12 to one in new state tax revenues. Approximately \$243 million of the incremental spending occurred in lesser-known and under-utilized parts of California.

However in 1997, the state had to stop advertising in order to finance the implementation of the California Tourism Marketing Act. This resulted in a 52% decline in calls to CalTour's 800 number and a significant drop in consideration of California as a travel destination compared to its competitors. In order to respond to this, a new \$2.5 million advertising campaign was developed and will be seen during the spring of 1998. It is designed to boost calls and awareness levels. Additionally, the new funds generated by the California Tourism Marketing Act will double the amount available to advertise California as a travel destination in the coming fiscal year.

The national advertising campaign proposed for FY 1998/99 will total \$4 million and include a combination of print and television commercials with an entirely new advertising approach. Mering & Associates, the incumbent advertising agency, will be tasked with conducting the advertising program in the coming fiscal year. It has an outstanding reputation for creative work and has teamed with Western Media to provide California with powerful media buying capabilities. Mering was selected on the basis of its creative

and account management strengths, after competitive bid to coordinate California's tourism advertising. It is located in Sacramento.

Prior to 1992, California used the advertising theme "Discover The Californias." This approach emphasized California's diversity by promoting each of the state's 12 tourism regions, individually. In 1992, CalTour recommended a shift in strategy from promoting California as 12 places to promoting the diverse experiences within one place... California. In 1994, J. Walter Thompson advertising proposed focusing on the types of vacations taken by California visitors: family, romance, nature and sports.

The four vacation "typologies" of family vacations, romantic getaways, nature outings and recreation-based trips have proven to work well. So, Mering has proposed continuing the approach while also communicating the emotional reasons to vacation in California. The theme recommended for this campaign is "California. Find Yourself Here."

The 1998 Mering TV ads will convey the emotions connected to a California family, romance, nature or sports vacation. Two 30-second television ads for spot market airing were produced in winter, 1998: family and romance. It is anticipated that two others: nature and sports will be produced in fall of 1998, completing a package of ads to run through spring of 1999.

Magazine ads are designed to provide a national supporting presence, though the FY 1998/99 media plan has not been finalized. The magazine ads are full-page, four-color, depicting humorous headlines with dramatic photos. Icons and lesser-known images of California form an impression of our state as an entertaining, satisfying and interesting place to vacation.

Advertising Strategies

- Motivate first-time and repeat domestic visitors to consider California for their vacation;
- Provide a presence for California in major national magazines and on network and spot TV during the critical travel planning season;
- Complement the target marketing program with an advertising program;
- Generate interest and inquiries for vacation planning information from the Division of Tourism;
- Stop the decline of market share experienced in major western out-of-state leisure travel market;
- Boost travel trade inquiries;
- Stimulate use of the State's new reservation service;
- Primarily direct advertising in support of spring/summer visitation; and
- Secondly direct advertising in support of fall/winter visitation and
- Promote State's cultural diversity and lifestyle

Fun Spots

The Fun Spots promotion has added a major new element utilizing the Fun Spots Card. In cooperation with Safeway Select branded products, The Fun Spots will conduct a major point of sale promotion in Safeway Stores throughout Western states and Western Canada. This promotion will multiply the investment made by the state many fold in increased advertising exposure and place California attractions in a non-competitive environment reaching millions of consumers each week through the extent of the promotion.

Shop California

CalTour will coordinate the development of a new cooperative marketing program designed to entice travelers to California's retail centers and shopping districts.

Cultural Tourism

CalTour is working with the California Arts Council, California Office of Historic Preservation and California Council for the Humanities, as well as with the convention and visitors bureaus of San Francisco, Los Angeles, and San Diego in promoting California's cultural riches. This program creatively packages vacation concepts for travel agents, tour operators, the media and consumers and features arts tourism (performing arts, visual arts), heritage tourism (historic sites, structures, districts) and cultural tourism (ethnic communities, festivals). This year's program builds upon this start by expanding materials available to travel agents, tour operators and consumers in promoting cultural tourism.

A 22-minute video produced in early 1998 and highlighting Latin, Asian, African and Native-American communities and festivals will be marketed to various cable television channels for viewer broadcast.

National Marketing Budget

Advertising.....	\$4,000,000
California Fun Spots	180,000
Shop California	100,000
California Counselor	50,000
Cultural Tourism	75,000
"California" IMAX Film	158,000
Marketing Consultant (Jay Key)	85,000
Marketing Alliances (TIA, PATA, NTA, JATA, ACTA, ASTA)	10,000
California Conference on Tourism.....	5,000
NTA	9,000

Video Duplication.....	10,000
TOTAL NATIONAL MARKETING	\$4,682,000

International Marketing

Approximately 290 million visitor trips occur in California annually, of which international visitation accounts for 3 percent or roughly 9 million person-trips. Although the numbers of international travelers to the state falls far below that of the domestic traveler, the sector is still highly profitable and worth all of the attention California can provide and California is the world’s eighth most visited destination.

Typical characteristics of the international traveler such as a longer length of stay and higher daily expenditure justify the effort and expense to attract them. Because they plan their trips so far in advance, they have also proven to be more dependable than domestic travelers who may be dissuaded by short-range changes in weather or disaster. And, due to alternate seasons in some markets (it’s summer in Australia when we are wintering), they can be relied upon to fill seasons when U.S. travelers aren’t traveling.

International markets continue to represent the fastest growing segments today and California is ideally positioned to benefit from the spectacular growth in international tourism due to its allure and its geographic location. Yet, despite California’s positive international image and allure, our state has strong competition for the international traveler, not only from other states, but from other countries.

In previous years, CalTour’s international marketing efforts were strategically designed to maximize cost effectiveness by leveraging its dollars with key private sector partners, such as selected airlines. This has proven to be very successful. Further strengthening these efforts has been the cooperation from the state’s travel industry such as: convention and visitor bureaus, hotels, associations, attractions, motorcoach companies, etc. With the tremendous involvement and support of all of these partners, the effectiveness of California’s efforts to identify our state as a special destination and thus influence the international traveler through the travel trade and media, has been bolstered.

Pursuing the international traveler is certainly worth the chase for all the reasons stated above and many others, but it is also expensive. The cost of attending trade shows, developing literature in foreign languages, implementing creative promotions, the need for extensive educational programs and an extended time period for results all provide expensive challenges. Often, the cost for providing developing components is born solely by the state, especially in emerging markets where the industry relies on CalTour to “test” the market. If positive results are seen and demand is evident, CalTour is then able to attract the interest of more California businesses and destinations and build a larger presence marketing in these countires, allowing the industry to participate at lower costs than if they tried to open these markets on their own.

Approval of the Marketing Act provides California to compete more effectively with other states and destinations overseas. An increase in funding of nearly twice what the program had before will allow it dramatically increase its marketing efforts abroad. This is a very positive step in helping California exceed its competitors in pursuing the coveted foreign traveler.

Target Markets

The target markets CalTour will focus on will be composed of a mixture of California's primary and secondary markets. Based on resources, potential emerging markets such as eastern block European regions and non-traditional South American and Asian nations may also be included, but on an exploratory market development basis only.

Canada

- Western Provinces consisting of Alberta and British Columbia
- Main population centers in Eastern Provinces consisting of Montreal and Toronto

Western Europe

- Austria
- Benelux Countries (Belgium, Luxembourg)
- France
- Germany
- Italy
- The Netherlands
- Scandinavia (Sweden, Finland, Norway, Denmark)
- Switzerland
- United Kingdom

Pacific Rim

- Australia/New Zealand
- Japan
- Korea
- People's Republic of China (Taiwan)

Latin America

- Argentina
- Brazil
- Chile
- Mexico

Emerging Markets

- China (Mainland)
- India
- Russia
- Singapore/Malaysia

Goals

The goals for the international program are many and varied. Priority will be given to maintaining the highest communication and service possible to those within the industry who rely on CalTour's services to maximize their selling efforts.

- Improve overall response time to travel trade inquiries for information and publication requests from all markets
- Maintain high visibility to the consumer and travel trade in Western Canada
- Increase awareness among the consumer in Eastern Canada markets
- Increase product awareness among travel trade across Canada
- Improve awareness and delivery of information to the consumer in the UK and Germany markets
- Increase efforts to reach buyers directly through sales calls in all markets
- Expand efforts to educate the travel trade in all markets
- Strengthen relationship with United Airlines regional sales offices in selected markets
- Expand efforts to assist rural regions in promoting their areas to international markets
- Expand efforts to reach consumers directly in appropriate markets through leveraged special promotions
- Strengthen relationships with the travel trade in selected markets through establishing official representation services
- Increase awareness among Japanese travelers as to potential vacation destinations beyond traditional gateways
- Improve awareness and convenience for consumer to access information in selected markets
- Improve awareness among travel trade in all markets regarding CalTour and services available
- Maintain high level of communication with travel industry partners

Travel Trade Development

The fundamental tool necessary to stimulate international travel is salesmanship. This occurs by meeting with, educating and motivating tour packagers, tour operators and travel agents (buyers). The most efficient and effective method of doing this is still by attending trade shows. Trade shows provide a cost-effective way of meeting a country's most influential buyers, answer their questions, determine their needs and establish lines of communication and supply of consumer and trade information. CalTour, as discussed in the Annual Report, has been moving its international travel trade development efforts away from organizing and conducting expensive sales missions to increasingly conducting specific educational efforts for travel agents. Good examples of how CalTour does this is seen in the educational seminars proposed for Canada, though similar efforts are apparent throughout the following calendar.

Fall (September-November)

- Western Canada Travel Agent Educational Seminars
- World Travel Market - London
- Association of Canadian Travel Agencies British Columbia/Yukon Travel Exchange (ACTA BC/Yukon)
- VUSAMART (Asia)
- La Cumbre (Latin America)
- Visit USA Fair - Korea
- Travel Trade Workshop - Switzerland
- Association of Brazilian Agencias Viajes (ABAV) Brazil

Winter (December-March)

- Expo Vacaciones - Mexico
- Australia/New Zealand Destination Seminars
- International Tourism Exchange, Boerse (ITB) - Germany
- Visit USA Workshops - Switzerland, Austria and France
- Visit USA Workshops - Belgium and The Netherlands
- Visit USA Seminars - Sweden and Finland
- Destination Seminars - Canada (Quebec and Ontario)
- California Travel Market (Anaheim)

Spring (April-June)

- Visit USA Travel Trade Shows - Argentina, Brazil, Chile
- Travel Industry Association of America Discover America Pow Wow (all int'l)
- European Incentive Business Travel Market, Switzerland
- Asociacion De Representantes De Lineas Aereas En Guadalajara, Guadalajara - Mexico

Foreign Representation

California's contracted representatives in the UK,, Germany and Japan has been a significant factor in increasing California's presence in these markets, as evidenced by the growing number of UK tour operators that have added California to their tour packages. When the UK contractor was established, only 79 packages featured California. Today, 132 packages feature California. Similar successes have been achieved in Germany and Japan.

The amount spent in the State's top three markets has not increased for several years, while travel trade and consumer interest in California has grown significantly. To respond to this increased need for service and information, CalTour proposes increasing the financial support to its three international contractors.

Additionally, CalTour proposes either hiring contractors to represent California in several important developing markets or adding a California tourism employee to the Trade and Commerce Agency staff, where representative firms are not as effective. In the coming year, CalTour proposes adding a tourism employee in the TCA office in Mexico City. If market conditions are favorable a similar position should be considered for TCA's Taiwan office to support development of Chinese tourism from Taiwan and Hong Kong.

The need for an increased California presence is also needed in Australia/New Zealand and Brazil/Argentina/Chile/Uruguay, where tourism is of present significance or growing quickly. Since the closure of USTTA, California has suffered a major lapse in reaching the travel trade in the Australia and New Zealand markets. At this time, CalTour is not prepared to pursue establishing a representation office there, but we recommend that a visitor information distribution service be retained for the travel trade, there. Brazil represents a market with a proven demand for the west coast and is ripe for an introductory California presence to bolster its twice a year attendance at travel trade exhibitions.

Visit USA Information Centers

As the result of USTTA's demise, the State of California's role in providing travel planning information and education to the international trade and airlines has become increasingly important. Emerging as replacing USTTA are privately financed Visit USA Information Centers. CalTour plans to place California information several of these centers in countries where the State does not have its own visitor information center or travel trade representation. At a nominal fee for \$750-\$1,200 per each center annually, these facilities provide a cost-effective option to maintain constant delivery of California's message to the trade.

Promotions

California businesses and destinations have benefited from various types of consumer and trade promotional programs conducted by CalTour. For example, the *California Dream Days* campaign in Canada has gained substantial recognition over its fourteen years. Similarly, cooperative ventures (with Virgin Atlantic in the UK in support of California Ski Industry Association marketing and with United Airlines in Japan during the *California Dream* promotion) have proven to be highly beneficial in stimulating increased visitation.

The primary cooperative venture between CalTour and United Airlines for 1998-99 is the new *My California* campaign targeted at the Japanese traveler. United plans to support this campaign with \$2 million in advertising and promotional investment, and CalTour is coordinating the support and involvement of several California companies and destinations.

Miscellaneous

Other elements also play a major role in effectively promoting a product or service to the international market. CalTour will continue to use familiarization tours to provide a personal experience that will better enable buyers to know aspects of California and effectively package them. In addition, CalTour believes a stronger and more consistent communication should be established with the international travel trade and the development of a quarterly or half-yearly newsletter will assist in California maintaining top-of-mind presence.

The existing foreign language brochure developed by CalTour for use in selected markets is long overdue for an update and will be redesigned and printed in eight languages. As well, the use of the 10-minute video is needed to assist in CalTour's educational efforts and additional copies will be made.

Finally, due to the wide range of publications produced by CalTour and the expense of shipping bulk quantities overseas, a consolidated trade show piece will be distributed at exhibitions. The piece will provide information regarding CalTour's services, web site details, valuable contact information for major tourism entities and new tourism developments as well as reduce waste and shipping expenses.

International Marketing Budget

WTM.....	\$75,000
CTM.....	\$40,000
Trade Shows.....	\$50,000
Foreign Representation/Offices	
Germany/UK (Theresa Carey, Martin Walter)	\$180,000
Japan (Ko Ueno).....	\$175,000
New Foreign Representatives/Offices	\$200,000

Mexico City (TCA/ITI)

Australia/New Zealand

Brazil/Argentina/Chile/Uruguay

Taiwan/Hong Kong (TCA/ITI - conditional on Asian financial situation)

Visit USA Centers

Belgium.....	\$1,200
Canada (Vancouver, Montreal, Toronto)	\$3,000
Chile.....	\$1,000
Columbia.....	\$750
Costa Rica	\$750
Ireland.....	\$800
Italy	\$900
Korea	\$1,000
Netherlands.....	\$1,300
New Zealand.....	\$500
Switzerland	\$500

Promotions

California Dream Days (Canada)	\$90,000
United Airlines Co-op.....	\$20,000
Exhibition Networking/International Co-op Promotions	\$25,000

Miscellaneous

Foreign Language Brochure	\$200,000
International Consumer Fulfillment.....	189,000
International Fulfillment - Schotte.....	11,000
Familiarization Tours	\$15,000
Video Duplication.....	\$10,000
Trade Show Piece	\$7,500

International Travel Trade Newsletter.....	\$12,000
Miscellaneous Expense	15,000
<u>Travel Trade Consultant (Lisa Kruttschnitt)</u>	<u>\$100,000</u>
TOTAL INTERNATIONAL MARKETING	\$1,426,200

Media Relations

In the FY 1997/98 program, \$181,500 was allocated to publicity generation. That will increase to \$400,000.

Media Outreach and Editorial visits will be expanded and added to key international markets. Domestic and international press trips will be increased substantially in response to media outreach efforts and in support of larger advertising and cooperative marketing activities.

CalTour will develop monthly feature stories and photography for distribution nationally, and for placement in weekly and community newspapers through matte and syndicate services.

A new quarterly newsletter directed to domestic tour operators and travel agents (California Counselors) will stimulate their interest in adding new aspects of California to their packages. In addition, *Insights* will be sent via e-mail on an intranet, allowing for immediate and ongoing communications with all assessed businesses and marketing partners. And, a media relations crisis communications reserve will be retained specifically to respond to disasters.

Media Relations Budget

Media Outreach (Domestic)	\$75,000
■ New York, Los Angeles, San Francisco	
Media Outreach (International).....	60,000
■ Canada, Germany, Japan, United Kingdom	
Publicity	
Press and Feature Releases.....	40,000
Matte Service.....	20,000
What's New In California (quarterly)	10,000
Press Trips.....	20,000
Evaluation	
Newsclipping Service & Analysis.....	25,000

Newsletters

<i>Insights</i> (quarterly)	51,000
Intranet.....	30,000
Trade Newsletter.....	30,000

Technical Assistance

Crisis Communications.....	25,000
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TOTAL MEDIA RELATIONS.....\$386,000

[Note: An expanded media relations program is predicated on the hiring of a full-time publicist and/or retaining the services of a public relations firm.]

Licensing Opportunities and Agents

No licensing opportunities or agents are detailed at this time for 1997/98. The decision whether or not to investigate licensing opportunities will be left to the CTTC.

Reserve

TOTAL RESERVE.....\$450,167⁴

CalTour Operations

Salaries & Benefits	\$883,817
General Expense.....	85,357
Printing.....	35,000
Communications.....	65,000
Postage.....	98,390
Travel, In-state.....	62,000
Travel, Out-of-state	98,583
Training.....	5,375
Facilities Operations	101,167
Contracts - Internal (DF&A)	15,000
Central Administrative System	1,029
Equipment	7,140

⁴ Includes potential industry campaign reimbursement costs.

Distributed Administration.....	223,975
Interns.....	75,000
Data processing/laptop computers	20,000
Memberships	20,000
Conference Fees	10,000
TOTAL CALTOUR OPERATIONS	\$1,806,833

CTTC Operations

TOTAL CTTC OPERATIONS275,400⁵

Assessment Administration⁶

Personnel Services.....	\$253,900
General Operating Expense.....	109,400
Data Processing Services	14,400
Assessment Printing & Postage	21,300
Consultant Services.....	151,500
<u>FY 1997/98 Assessment/Operations.....</u>	<u>\$392,800</u>
TOTAL ASSESSMENT ADMINISTRATION	\$943,300⁷

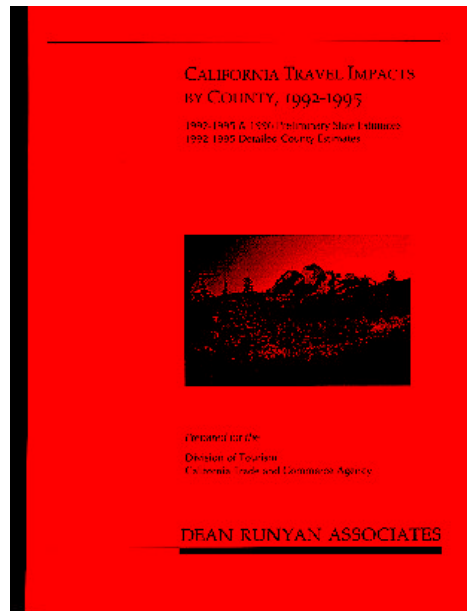
⁵ This is a ballpark figure inserted for budget development purposes only. The CTTC will determine its ongoing operational costs.

⁶ Annual recurring assessment costs are projected to be \$392,800.

⁷ Includes partial year set-up costs and one-time hardware/software costs of \$550,500.

Appendix B California Travel Impacts by County

Please refer to the California Division of Tourism publication, *California Travel Impacts by County*, October 1997



Appendix C California Tourism Commission 1996 Expenses

Income.....	\$0.00
Expenses.....	\$0.00